

# **VILLAGE FARMS, INC.**

## **COLLECTION PROCEDURE RESOLUTION**

**WHEREAS**, the purpose of the Association is to exercise all of the powers of and perform all of the duties and obligations of the Association as described in the Declaration of Covenants and Restrictions as well as the Articles of Incorporation and Bylaws. Some of these duties may include the improvement, maintenance and repair of the Common Areas; enforcement of any restrictions or requirements set forth in the Declaration, Articles, Bylaws or the Rules, Regulations and Procedures adopted by the Board; and performance of any other obligation and duty of the Association as described in the Declaration, all of which is designed for the promotion of the recreation, health, safety and welfare of the residents in the community and preserve the values of the homes and property in the Development.

**WHEREAS**, in order to have the financial ability to accomplish these duties, the Association must collect mandatory assessments and other charges from the Owners as set forth in the Declaration of Covenants and Restrictions;

**WHEREAS**, to facilitate a uniform, non-discriminatory and systematic procedure for the collection of mandatory assessments and other charges,

**BE IT RESOLVED** that the Board now adopts the following Collection Procedure Policy for the collection of mandatory assessments and other charges pursuant to the Board's authority as described in the Declaration of Covenants and Restrictions, Articles of Incorporation and Code of Bylaws.

## **COLLECTION PROCEDURES POLICY**

**05/01/20xx**

The annual assessment fee is due and payable. The Owner will be sent an invoice to his last known address approximately thirty (30) days before the assessment is due. Any assessments not paid by May 1<sup>st</sup> will be delinquent. Any owner facing a hardship in paying the annual assessment should contact the Association's treasurer ([treasurer@thevillagefarms.com](mailto:treasurer@thevillagefarms.com)) or by calling the Association's office at (317) 816-7010 prior to May 1<sup>st</sup>.

**June 1**

A “**REMINDER NOTICE**” will be sent to each delinquent homeowner requesting full payment of the assessment(s) and late fees or interest by June 15<sup>th</sup>. A one-time \$100.00 late fee OR eight percent (8%) per annum interest will be added to the account at this time.

**June 16**

A “**FINAL NOTICE**” is sent to the delinquent homeowner requesting full payment of all assessments, late fees and other charges owed to the Association by July 1<sup>st</sup>. The notice will also state that if payment is not actually received by July 1<sup>st</sup>, the account will be turned over to the Association’s Attorney for immediate legal action and a Management Company Administrative Expense Charge, if any, will be added to the homeowner’s account at this time.

**July 1**

The Management Company Administrative Expense Charge, if any, is added to the account, and the delinquent account is turned over to the Association’s Attorney to begin pursuing collection.

**Attorney  
Collection Letter**

Because the Board believes that it is in the best interest of all owners and the Association to avoid court action if possible, the Board has instructed the Association’s Attorney to send a collection letter to each delinquent owner turned over to his/her office for collection before filing a lawsuit. As part of this policy, each delinquent owner will be responsible for paying any legal fees or collection costs that result from this collection letter being sent. If the owner still does not pay all assessments, late fees, interest, attorney fees, costs and other charges owed to the Association after being sent this collection letter by the attorney, then the Association’s attorney will be instructed to file either a small claims action, record a lien, file a foreclosure action, or take whatever form of legal action is allowed by the Declaration and Indiana law to recover the delinquent amounts owed to the Association. According to the Declaration, the delinquent owner will be responsible for paying all assessments, late fees, attorney fees, costs and other charges owed to the Association as a result of any legal action taken.

**Special Assessments:**

If the Association adopts a Special Assessment as provided for in the Declaration, the due dates of the Special Assessment will be set by the Board of Directors when the Special Assessment is adopted, and the collection procedure for the Special Assessment will be handled like the procedures above unless an alternative collection procedure is adopted by the Board especially for the Special Assessment.

**Invoices**

The Association will send invoices and other assessment notices via first class US Mail, postage prepaid. *It is not required that any notice from the Association be mailed to an owner via certified or registered mail.*

All notices will be mailed to an owner's last known address. If an owner wishes notices to be sent to an address other than the property address, then it is the owner's responsibility to notify the Association of that change in mailing address.

Non-receipt of an invoice will in no way excuse any owner from his obligation to pay any assessment, late fees and other charges by the due date.

**Late Charges/Interest**

All assessments, late fees, and other charges owed to the Association will be past due and delinquent if not paid when due. The Association will charge a one-time \$100.00 late fee OR eight percent (8%) per annum interest to all accounts that have an open and past due balance. Late charges/interest may be added to past due accounts whose balance consists entirely of unpaid late charges. While the interest rate is set in the Declaration, ***the amount and/or frequency of the late fee are subject to change each year without further notice to the residents.*** The Board will attempt to alert the homeowners if a change is to occur. However, there may be a situation when the homeowner is not alerted. The late charge will be treated and/or collected in the same fashion as any assessment according to the terms of the Declaration and/or this Collection Procedure Policy.

**Administrative Expenses**

If the Association is professionally managed it may incur an administrative charge or expense for processing delinquent accounts. The Association is entitled to reimbursement for these administrative expenses because they are an expense incurred by the Association to pursue collection of a delinquent assessment from an owner. Therefore, whenever a delinquent account is turned over to an attorney for collection, a Management Company Administrative Expense Charge will be added to the homeowner's account. ***The amount of this administrative expense charge is set by the Board or the property management company, and is subject to change each year without further notice to the residents.*** The Board will attempt to alert the homeowners if a change is to occur. However, there may be a situation when the homeowner is not alerted. Administrative charges for other services may also be incurred by the Association from time to time regarding the owner's property. If so, those administrative charges will also be added to the owner's account balance.

**Returned Check Charges**

In addition to any other assessments or charges outlined in the Declaration and/or this Collection Procedure Policy, a \$50.00 returned check charge, or the charge levied by the financial institution, whichever is larger, will be assessed against an owner in the event any check or draft presented as payment for an owner is not honored by the bank or is returned by the bank for any reason, including, but not limited to, insufficient funds or stopped payment orders. If an owner suffers a returned check situation, the Association reserves the right to require the owner to make all future payments of assessments and other charges by certified check, money order, or credit card (if accepted by Association).

**Suspension of Voting Privileges**

Any member whose assessments or account balance is more than thirty (30) days delinquent will have the following privileges suspended during the time any amounts on their account remain unpaid by the owner:

- a) their voting privileges;
- b) their right to use any Association facilities as may be defined or determined by the Board of Directors;
- c) their right to serve as a proxy for any owner or in any way vote on behalf of another owner in the Development; and
- d) their right to be elected or appointed to the Board of Directors.

**Liens**

There will be a drafting and recording charge for any lien recorded to preserve a debt owed to the Association. The owner will be responsible for all legal fees and recording fees charged for the drafting and recording of the lien and a lien release once the delinquency is paid.

**Foreclosures**

The owner is responsible for reimbursing the Association for all legal fees and other costs incurred as the result of a foreclosure action against the owner to collect any delinquencies owed to the Association.

The filing of a lien or foreclosure action does not waive the owner's personal liability for any unpaid assessments, late fees or other charges, and does not prohibit the Association from pursuing more than one possible collection option at the same time.

**IN WITNESS WHEREOF**, the undersigned have executed this Resolution this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

**VILLAGE FARMS, INC.**

\_\_\_\_\_  
Printed Name: \_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Secretary